

**SUBMITTAL  
FORM**

**LEGISLATIVE REFERENCE BUREAU**  
**Legal Section Telephone: 266-3561**  
**5th Floor, 100 N. Hamilton Street**

MISC  
PT 10a  
50?

The attached draft is submitted for your inspection. Please check each part carefully, proofread each word, and sign on the appropriate line(s) below.

**Date:** 2/19/98

**To:** Representative Baumgart

1997

**Relating to LRB drafting number:** LRB-4166

**Topic**

Land use planning grants for local gov'ts; \$ from DOT

**Subject(s)**

Munis - miscellaneous, Transportation - miscellaneous

1. **JACKET** the draft for introduction \_\_\_\_\_

in the **Senate** \_\_\_\_ or the **Assembly** \_\_\_\_ (check only one). Only the requester under whose name the drafting request is entered in the LRB's drafting records may authorize the draft to be submitted. Please allow one day for the preparation of the required copies.

2. **REDRAFT.** See the changes indicated or attached \_\_\_\_\_

A revised draft will be submitted for your approval with changes incorporated.

3. Obtain **FISCAL ESTIMATE NOW**, prior to introduction \_\_\_\_\_

If the analysis indicates that a fiscal estimate is required because the proposal makes an appropriation or increases or decreases existing appropriations or state or general local government fiscal liability or revenues, you have the option to request the fiscal estimate prior to introduction. If you choose to introduce the proposal without the fiscal estimate, the fiscal estimate will be requested automatically upon introduction. It takes about 10 days to obtain a fiscal estimate. Requesting the fiscal estimate prior to introduction retains your flexibility for possible redrafting of the proposal.

If you have any questions regarding the above procedures, please call 266-3561. If you have any questions relating to the attached draft, please feel free to call me.

Marc E. Shovers, Senior Legislative Attorney  
Telephone: (608) 266-0129

~~MAKE BILL~~  
- MAKE LEGISLATION - POSSIBLE BILL  
LAND USE COMMISSION GRANT  
JOAN BAYM-BISCARE

WMS IN  
SMART AND  
ASSEMBLY

10-15-97 LET MESSRER WITH  
JOAN BAYM - WE WILL GET  
BACK TO ME

10-22-97

J. Baumgardner To  
Dwyer 10-23-97

bill: GET BACKGROUND  
see if dwyer  
can do A DRAFT  
FROM THIS ON  
do we need  
other wording  
for bundling  
OR BILL LANGUAGE

10-27-97

JW

JUN - 5 1998



## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

June 4, 1998

TO: Representative James Baumgart  
Room 3 North, State Capitol

FROM: Rick Olin, Fiscal Analyst

SUBJECT: Purchase of Development Rights to Agricultural Property

At your request, this memorandum provides information on the purchase of development rights to agricultural property.

Under such a program, the state would be authorized to purchase the right to develop agricultural property from the property's owner. Owners would not be compelled to sell the development rights to their property. Further, owners would retain the title to the property and would be permitted to use the property for agricultural or related purposes. However, the owner would not be permitted to develop the property. The county register of deeds would record an easement on the property, which would preclude the property's development by current or future owners. However, the state could be authorized to sell the development rights of properties to future owners of the property.

Under the purchase of development rights alternative, lower assessments for property tax purposes would be extended to properties where development rights have been sold. State law requires all rights and privileges appertaining to real property to be taxed. Since all property owned by the state is exempt, the value associated with development rights would not be taxed. Where development rights are purchased, agricultural property would be assessed at values similar to that produced under use value assessment. Currently, use value assessment of agricultural land is being phased-in over a ten-year period beginning in 1998. Under use value assessment, agricultural land is valued on the basis of its use for farming and its potential uses for other purposes are not considered.

The preservation of agricultural land is the policy objective associated with the purchase of development rights. Between 1990 and 1996, 522,763 acres of agricultural land were purchased by individuals intending to convert the land to other uses. That compares to 16.8 million acres of land in agricultural uses in 1996.

### Agricultural Land Sales Between 1990 and 1996

<u>Year</u>	<u>Acres Intended for Conversion</u>	<u>Total Acres Sold</u>	<u>Percent of Total</u>
1990	63,948	420,985	15.2%
1991	62,393	339,639	18.4
1992	82,441	410,725	20.1
1993	90,971	430,575	21.1
1994	83,053	383,002	21.7
1995	72,687	283,711	25.6
1996	67,270	290,860	23.1

The cost of a purchase of development rights program has been characterized as its main disadvantage. In 1996, agricultural land to be converted to other uses sold, on average, for \$850 per acre higher than agricultural land continuing in agricultural uses. Therefore, it would have cost approximately \$57 million to purchase the development rights on the 67,270 acres sold in 1996, where a nonagricultural use was intended.

You asked how much a statewide property tax would raise at various rates, if that was used as a funding source for the purchase of development rights. In 1997, the Department of Revenue estimated the state's total taxable value at \$233 billion. Therefore, a one-mil rate would raise \$233 million and a rate of 0.5 mils would raise \$116 million. Currently, the state uses a 0.2 mil rate, which is expected to generate \$46 million in 1997-98, to fund state forestry programs.

Finally, you asked for a brief description of state programs with related policy objectives. Under the farmland preservation credit program, owners of agricultural land receive tax credits administered through the state income tax system based on the relationship between the claimant's household income, property taxes and the type of land use provisions protecting the claimant's farmland. For 1998-99, \$20.0 million is budgeted for farmland preservation credits. Under the farmland tax relief credit, owners of farmland receive credits equal to 10% of up to \$10,000 in net property taxes on the land. Lottery proceeds (SEG) fund the credits, which have an estimated cost of \$11.8 million in 1998-99.

If you have any questions on this information, please let me know.

RO/lah



## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

July 29, 1997

TO: Members  
Senate Democratic Caucus

FROM: Bob Lang, Director

SUBJECT: Modifications to the Budget Recommendations of the Joint Committee on Finance

Attached is a document which summarizes a number of modifications to the Finance Committee's version of the 1997-99 state budget (SSA 1 to SB 77).

The document is written to indicate changes that have been made to the summary of budget provisions contained in this office's memorandum to Senator Chvala, dated July 2, 1997. Any new provisions are underlined and any deleted material is ~~stricken~~.

Changes to the July 2 document have been submitted to this office from two sources. First, Senator Chvala's office has forwarded a series of changes to provisions outlined in the July 2 summary. Second, this document incorporates modifications suggested by Senators Adelman, Jauch, Moen and Wineke. The changes advanced by the four Senators are marked with an asterisk (\*).

In preparing this summary, we relied upon drafted language to write the narrative description of each provision. In some instances, however, draft language was not available. Once draft language is available, changes in our descriptions may be necessary.

The document is organized by functional area of the budget. A 1997-99 general fund condition statement which reflects all budget modifications appears at the beginning of the document.

BL/lah  
Attachment

## 1997-99 General Fund Condition Statement (In Millions)

	1997-98	1998-99
<b>Revenues</b>		
Opening Balance, July 1	\$263.9	\$202.4
Estimated Taxes	9,299.7	9,694.2
Transfer from:		
Property Tax Relief Fund	257.8	0
Departmental Revenues	<u>146.7</u>	<u>153.8</u>
Total Available	\$9,968.1	\$10,050.4
 <b>Appropriations, Transfers and Reserves</b>		
Gross Appropriations	\$9,774.0	\$9,935.4
Compensation Reserves	34.9	66.3
Transfer to:		
Local Government Property Insurance Fund	2.2	2.1
Less Lapses	<u>-45.4</u>	<u>-53.7</u>
Net Appropriations	\$9,765.7	\$9,950.1
 <b>Balances</b>		
Gross Balance	\$202.4	\$100.3
Less Required Statutory Balance	<u>-98.1</u>	<u>-100.0</u>
Net Balance, June 30	\$104.3	\$0.3

**GENERAL FUND TAXES  
AND WORKFORCE DEVELOPMENT**

**GENERAL FUND TAXES**

**\* 1. INCREASE CIGARETTE TAX**

Increase the cigarette tax rate by an additional ~~10¢~~ 3¢ per pack, for a total increase of ~~26¢~~ 19¢ from the current law rate of 44¢ to ~~70¢~~ 63¢, effective on the first day of the second month beginning after publication of the budget act or September 1, 1997, whichever is earlier. This would increase general fund tax revenues by ~~\$35.6~~ \$10.9 million in 1997-98 and ~~\$36.9~~ \$11.3 million in 1998-99 from the Finance Committee's budget provision. These increased tax revenues would be partially offset by an increase in refunds of cigarette taxes to Native American tribes of an estimated ~~\$1.5~~ \$0.5 million in 1997-98 and ~~\$2.2~~ \$0.7 million in 1998-99. The net impact of the increase would be an increase of ~~\$34.1~~ \$10.4 million in 1997-98 and ~~\$34.7~~ \$10.6 million in 1998-99.

	Chg. to JFC
GPR-REV	<del>\$72,500,000</del> <u>\$22,200,000</u>
GPR	<del>\$3,700,000</del> <u>\$1,200,000</u>

**2. CREDIT FOR SALES TAX ON FUEL AND ELECTRICITY USED IN MANUFACTURING**

Delete provisions which would extend the tax credit for sales taxes on fuel and electricity used in manufacturing to the individual income tax to allow owners, partners and shareholders of businesses organized as sole proprietorships, partnerships and tax-option corporations, respectively, to claim the credit.

	Chg. to JFC
GPR-REV	\$1,800,000

**3. ELIMINATE PHASE-OUT OF SENIOR CITIZEN TAX CREDIT**

Eliminate the phase-out of the senior citizen tax credit, which is \$25 for all taxpayers over the age of 65 under current law. Under the Finance Committee's provision, the credit would phase-out for taxpayers with income over \$40,000 if married filing a joint return, \$30,000 if single and \$20,000 if married filing separately. The credit would phase-out over the next \$1,000 in income until it would be eliminated. Eliminating the phase-out of the credit is estimated to decrease general fund revenues by \$2.1 million in 1997-98 and \$2.2 million in 1998-99.

	Chg. to JFC
GPR-REV	- \$4,300,000



**4. EXCLUSION FOR CAPITAL GAINS ON BUSINESS ASSETS SOLD TO FAMILY MEMBERS**

Delete the complete exclusion for long-term capital gains realized on the sale of business assets and assets used in farming to a family member that would be effective January 1, 1999. Due to the effective date, there would be no fiscal effect in the 1997-99 biennium associated with this provision. However, beginning in 1999-00, it is estimated that the exclusion would reduce revenues by approximately \$5.0 million annually.

**\* 5. SALES TAX ON VENDING MACHINE SALES**

	Chg. to JFC
GPR-REV	\$6,500,000
	<u>\$7,107,300</u>
PR	<u>\$808,500</u>

*Sales Tax Exemption.* Create an exemption from the sales and use tax for: (a) sales of food and beverages (including soda and other soft drinks) by means of a vending machine; and (b) the storage, use or other consumption of food and beverages by the owner of a vending machine in connection with the sale of food or beverages by means of a vending machine.

*Vending Machine Permit Fee.* Provide that no person could operate a vending machine unless that person has applied to the ~~county clerk~~ Department of Revenue for a permit, paid the required fee and displayed on the machine a decal provided by the ~~clerk~~ Department that is evidence that the fee has been paid. Specify that the permits would expire on January 1 of each year.

Define "vending machine" to mean any self-service device offered for public use that, upon insertion of a coin or token, or by other means, dispenses unit servings of food or a beverage, either in bulk or in a package, without the necessity of replenishing the device between each vending operation.

Set the general annual permit fee at \$65 for vending machines that are in service at any time before July 1 of each year and ~~\$32.50~~ \$31 for machines placed into service on or after July 1. Charge a reduced fee of \$10 per year for machines that dispense no food or beverage that costs more than 25 cents, regardless of the date on which the machine was placed into service. Provide that the annual permit fee would be ~~\$67~~ \$66 in counties that have enacted the 0.5% optional sales tax. ~~Specify that the annual fee would be increased by \$1 for counties that have enacted a local stadium sales tax or local exposition district tax. Require the clerk to remit the basic \$65 fee to the Department of Revenue (DOR) for deposit in the general fund. Permit the county to retain the additional permit fees above the basic \$65 rate.~~

*Administration.* Specify that ~~any county could administer~~ the vending machine permit provisions would be administered by DOR or another entity under contract with DOR and ~~if the~~

county notifies DOR by December 1 of the prior year of its intent to do so. ~~Require the Department of Administration to pay each county that administers the permit \$8 of the annual \$65 fee to cover the county's administrative costs. Provide that if a county does not elect to administer the fee, the Department of Revenue would be required to administer the fee in that county. Specify that the current sales tax provisions relating to withholding of unpaid sales taxes in the event of a business transfer and access to documents and information would apply to the vending machine permits. Allow DOR to retain \$8 of each \$65 fee or \$2 of each \$10 fee to cover the Department's administrative expenses. The remaining revenues from the \$65 and \$10 fees would be deposited in the general fund. The additional \$1 fee in counties that have an optional county sales tax would be paid to the county. Allow the Department to retain at the end of each fiscal year an amount equal to 10% of its administrative expenditures; any remaining excess funds would lapse to the general fund. Specify that DOR could not issue a permit to a person who is delinquent in the payment of any tax and that any delinquent permit fee would be subject to the delinquent tax collection fee.~~

~~This provision does not include funding or positions for DOR to administer the fee.~~

*Penalties.* Provide that, if a person operates a vending machine without obtaining a permit, ~~the entity that administers the fee (DOR or the county)~~ DOR (or the entity under contract with DOR to enforce these provisions) would be required to: (a) seal the machine and render it inoperative; and (b) notify the owner of the machine that the fee is due within 10 days and that its amount is double the appropriate fee outlined above. If the owner of the machine cannot be determined, require notice to be provided to the owner of the premises. Provide that ~~if a county administers the fee, the county~~ DOR would retain 50% of the amount collected under this provision and the other 50% would be remitted to DOA for deposit in the general fund. Provide that, if the owner of a machine fails to pay a fee imposed under this provision, the owner would be required to pay \$250 to DOR or the entity that administers the fee DOR has contracted with to enforce these provisions.

*Effective Date.* Specify that these provisions would take effect on January 1, 1998.

The fiscal effect of this provision would depend primarily upon two factors: (a) the number of vending machines that are operated in Wisconsin; and (b) the amount of sales tax that is currently collected on sales of food and beverages through vending machines in the state.

The Wisconsin Automated Merchandising Council (WAMC) estimates that there are currently 165,000 vending machines located in Wisconsin. If the basic \$65 permit fee was collected for each of these machines, total revenues would be \$10.7 million annually. ~~Assuming counties would administer the fee for half of the vending machines located in the state, the state would receive about \$10 million and counties would retain \$700,000 annually.~~ Any permit fees above the basic fee would be retained by counties.

Based on information from the 1992 Census of Retail Trade for Wisconsin, it is estimated that state sales tax collections on food and beverages sold through vending machines total \$9 million annually. Therefore, the net annualized ~~fiscal effect of the proposal~~ revenue generated by the fee before deducting DOR's administrative costs would be ~~an increase in state tax revenues of \$1~~ \$1.7 million (\$10 \$10.7 million minus \$9 million). Additional revenues would be received in 1997-98 because the full amount of the permit fee would be collected, but only six months of sales tax revenues would be foregone. Based on this information, the fiscal effect before deducting the Department's expenses is estimated to be an increase in ~~general fund revenues~~ of \$5.5 \$6.2 million in 1997-98 and ~~\$1~~ \$1.7 million in 1998-99.

DOR estimates that its administrative costs would be \$466,200 in 1997-98 and \$342,300 in 1998-99. The Department would also be allowed to retain an amount equal to 10% of these expenditures at the end of each fiscal year. After accounting for these expenses, the net impact of this provision would be an increase in general fund revenues of \$5,712,200 in the first year and \$1,395,100 in the second year. Additional revenues could be generated by the penalty provisions.

~~Several~~ Two points should be noted regarding these estimates. First, the figures outlined above are for the 1997-99 biennium. Over time, as prices increase, sales tax revenues also rise. However, because the basic vending machine permit fee would be a flat \$65 per machine, revenues from the fee would not increase along with overall price increases. Therefore, there could be state revenue losses in future years.

In addition, the state does not collect statistical information on the number of vending machines located in Wisconsin or the amount of sales tax collected on sales through vending machines. Therefore, both components of the fiscal estimates outlined above could vary. If the number of vending machines operating in the state differs from the 165,000 estimate, the amount of state revenues generated by the proposed fee could be more or less than the ~~\$10~~ \$10.7 million figure. Likewise, the amount of sales tax currently collected on vending machine sales could differ from the \$9 million estimate.

~~Further, the amount of revenue received by the state from the fee could vary depending upon the number of counties that would elect to administer the fee.~~

**6. SALES TAX EXEMPTION FOR RAW MATERIALS USED IN PRINTING**

	Chg. to JFC
GPR-REV	\$800,000

**Joint Finance:** Delete the provision which would: (a) create a sales and use tax exemption for raw materials used for the processing, fabricating or manufacture of, or the attachment to or incorporation into, printed materials that are transported and used solely

outside the state; and (b) repeal the current provision which excludes from the definition of taxable "storage" keeping, retaining or exercising any right or power over raw materials by a publisher or printer of printed materials for processing or fabricating or for manufacturing into, attachment to or incorporation into printed materials to be transported, and thereafter used solely, outside this state. Compared to SSA 1 to SB 77, this modification would increase sales tax revenues by \$300,000 in 1997-98 and \$500,000 in 1998-99 and thereafter.

## 7. SALES TAX ON TIME-SHARE PROPERTY

	Chg. to JFC
GPR-REV	- \$170,000

Provide that the furnishing of rooms or lodging through the sale of a time-share property would be exempt from the sales tax regardless of whether or not the use of the rooms or lodging is fixed at the time of sale as to the starting day or lodging unit. This provision would take effect on the first day of the sixth month beginning after publication of the bill.

Under current law, the furnishing of rooms or lodging through the sale of a time-share property is exempt from the sales tax only if the use of the rooms or lodging is fixed at the time of sale as to the starting day or lodging unit. Such "fixed-time" time-share sales are subject to the real estate transfer fee rather than the sales tax. Under this provision, all time-share sales (both "fixed-time" and "flex-time") would be exempt from the sales tax.

According to the Department of Revenue, "fixed-time" transactions would continue to be subject to the real estate transfer fee. However, neither the sales tax nor the real estate transfer fee would be imposed on "flex-time" time-share transactions, because such sales have been treated as lodging services rather than sales of real property.

The fiscal estimate is a revenue loss of \$50,000 in 1997-98 and \$120,000 in 1998-99 and thereafter. The first year amount assumes an effective date of February 1, 1998.

## 8. DEVELOPMENT ZONE TAX CREDITS

Modify the provisions that relate to development zone tax credits as follows:

- a. Reduce from \$4,000 to \$2,000, the maximum credit for full-time jobs created or retained for individuals who are not members of a target group;

b. Continue to include the day care and investment credits in the definition of tax benefits provided through the development zone, enterprise development zone and opportunity development zone tax credits.

## 9. UTILITY TAX ON THERMAL ENERGY COMPANIES

	Chg. to JFC
GPR-REV	\$500,000

Impose the state gross revenues license fee for light, heat and power companies on businesses that produce and supply chilled water for space cooling use, unless the person sells less than 95% of its production of chilled water to the public or indirectly to the public or the person does not own, operate or control production facilities that have a total cooling capacity of at least 3,000 tons. Specify that gross revenues includes revenues from generating and furnishing chilled water for cooling purposes, whether or not those revenues are reported to the Public Service Commission. Provide that this provision would apply to gross revenues in 1997. As a result of this modification, the public utility aid distribution formula under the shared revenue program would include such property as eligible utility property for purposes of making payments.

It is estimated that there is one chilled water facility that would be subject to the gross revenue fee under this provision, which would increase utility tax collections by \$300,000 in 1997-98 and \$200,000 in 1998-99. There would also be a redistributive effect, shifting shared revenue payments estimated at \$84,000 to the City of Wauwatosa and \$42,000 to Milwaukee County and away from other counties and municipalities.

## 10. ELECTRONIC FUNDS TRANSFER

Provide that DOR may require electronic funds transfer only by promulgating rules. Under the provisions of SSA 1 to SB 77, DOR could require electronic funds transfer in the following cases:

- a. *Corporate Income and Franchise Tax.* When any quarterly estimated tax payment is \$20,000 or more.
- b. *Income Tax Withholding.* For any employer who is required to deposit withheld income taxes on a monthly or more frequent basis.
- c. *Sales and Use Tax.* When the amount of sales taxes collected exceeds \$3,600 in any calendar quarter.
- d. *Cigarette Tax.* When the amount of taxes paid is \$20,000 or more.

## 11. THREE-TIER LIQUOR DISTRIBUTION

Specify the Legislature finds the following: (a) that a 3-tier system for distributing intoxicating liquor to the public is necessary to promote the public health, safety and welfare; (b) that a stable and healthy middle tier (the wholesaler) is integral to the 3-tier system; (c) that existing laws are not adequate to maintain a stable and healthy middle tier; and (d) that relationships between wholesalers and suppliers have been subject to state regulation since the enactment of the 21st Amendment to the U.S. Constitution (the repeal of prohibition) and that the parties to those relationships expect changes in state legislation regarding those relationships.

Prohibit a supplier from doing any of the following:

a. Terminating, canceling, failing to renew or substantially altering a relationship with a wholesaler without good cause. Specify that the supplier would bear the burden of proving good cause or that the alteration is not substantial. Define good cause to mean failure by a wholesaler to comply substantially with essential and reasonable requirements imposed on the wholesaler by the supplier, or sought to be imposed by the supplier, that are not discriminatory as compared to requirements imposed on other similarly situated wholesalers either by terms or in manner of enforcement. Good cause would also mean bad faith by the wholesaler in carrying out the terms of the relationship.

b. Substantially changing the competitive circumstances of a wholesaler's business without good cause.

c. Appointing more than one wholesaler to resell an existing product in a geographic area in which there was only one wholesaler reselling that product in the 12 months preceding the effective date of the budget bill.

d. Refusing to sell an altered product or new product to a wholesaler who has entered into a relationship with the supplier.

Provide that a supplier who has relationships with more than one wholesaler in the same geographic area would be required to offer an altered product only to a wholesaler who previously resold the existing product. Specify that a change in the ownership or management of a wholesaler business is not good cause if the change meets the supplier's reasonable and material qualifications for wholesaler applicants in effect at the time of the change.

Require a person who acquires any asset or activity of a supplier's business and who uses the goodwill associated with the goods to comply with the requirements imposed by this provision.

Define goodwill to include the use of a trademark, trade name, logotype or other commercial symbol and use of a variation of the same.

Specify that a supplier would be required to provide a wholesaler with at least 90 days written notice of termination, cancellation, nonrenewal or substantial change in the relationship. Require the notice to be given by certified mail or personal service to the wholesaler and the Secretary of the DOR and that the notice state all of the supplier's reasons for the action. Provide that the wholesaler would have 60 days, upon receiving notice, to correct any claimed deficiency and that if the wholesaler corrects the deficiency within 60 days that the notice would be void. Provide two exceptions to this provision: (a) specify that if nonpayment is the reason for the deficiency that the wholesaler would have 10 days to remedy; and (b) specify that no notice would be required if the relationship is altered by an assignment for the benefit of creditors or bankruptcy.

Allow a wholesaler, who has been served notice, to file a written request with the Division of Hearings and Appeals in DOA (within the allotted time) for a hearing and serve the supplier and the Secretary of DOR by certified mail or in person with such notice. Specify that the service of such notice stays any action by the supplier. Direct the Division to conduct a hearing within 180 days. Specify that the relationship would still be in effect if the Division determines the supplier failed to comply with this provision. Specify that failure, on behalf of the supplier, to comply with the terms of the relationship would be grounds for revocation of the supplier's out-of-state shippers' permit. Allow anyone aggrieved by the Division's decision to seek judicial review in the circuit court in the county in which the wholesaler's premises is located.

Specify that the effect of this provision could not be varied by contract or agreement and that any contract or agreement purporting to do so would be void and unenforceable to that extent. Provide that provisions of a relationship that prevent a wholesaler from bringing an action or notice would also be void and unenforceable to that extent. Allow a wholesaler to bring action to enjoin a violation of this provision or to compel compliance and to recover damages, including reasonable attorney fees. Specify that this provision would not limit any other right or remedy provided by law.

Modify DOR's liquor tax administration appropriation to reflect administration of this provision.

Create the following definitions related to this provision:

a. "Existing product" would mean intoxicating liquor that is distributed in the U.S. before or on the effective date of this provision.

b. "Altered product" would mean an existing product that is altered by year of vintage, by alcohol content or in some other way and is principally identified by a trademark, trade name, logotype or other commercial symbol.

c. "New product" would mean intoxicating liquor that is first distributed in the U.S. after the effective date of this provision and is not an altered product.

d. "Relationship" would mean a written or oral contract or agreement, expressed or implied, between a supplier and wholesaler that grants the wholesaler the right to purchase intoxicating liquor for resale in this state.

e. "Supplier" would mean any person other than a wholesaler who sells intoxicating liquor to a wholesaler.

## 12. ALCOHOL BEVERAGES -- MUNICIPAL ORDINANCES AND OPERATOR'S LICENSES

*Local Ordinances.* Specify that no municipality could enact or enforce regulations regarding the sale of alcohol beverages to underage or intoxicated persons, the presence of underage persons on licensed premises and the possession of alcohol by underage persons, including related penalties, unless the regulation strictly conforms to state statute.

Under current law, municipalities may enact alcohol beverage laws and additional regulations for the sale of alcohol beverages that are not in conflict with state statute. The Joint Committee on Finance adopted a provision that would allow municipalities to enact alcohol beverage regulations only if such regulations are in strict conformity with state statute. This amendment would limit the Committee's provision so that it would only apply to alcohol beverage regulations regarding underage persons.

*Retire Licenses.* Require municipalities to record the number of retail "Class B" (sale of liquor and wine for on premise consumption) licenses that are authorized but not granted or issued on the first day of the second month beginning after the effective date of the budget bill. The municipality's quota would be reduced by one-half of the number of licenses that are not issued or granted on that date. The Committee adopted a provision to require all municipalities to record the number of "Class B" licenses that are authorized but not issued on July 1, 1997.

*Operator's Licenses.* Require municipalities to issue an operator's license to any applicant who is qualified under state law.



\* **13. TAX AMNESTY**

	<u>Chg. to JFC</u>
<u>GPR-REV</u>	<u>\$40,000,000</u>

Require the Department of Revenue to develop a proposal for a tax amnesty program to be conducted in the 1997-98 fiscal year. Specify that the Department's proposal must be developed and presented to the Joint Committee on Finance for its consideration at the September, 1997, s. 13.10 meeting. Estimate increased general fund tax collections of \$40 million in 1997-98 due to the program, based on the state amnesty program that was conducted in 1985.

\* **14. TAXATION OF INCOME FROM A PASSIVE FOREIGN INVESTMENT COMPANY**

	<u>Chg. to JFC</u>
<u>GPR-REV</u>	<u>\$600,000</u>

Include excess distributions from passive foreign investment companies as Wisconsin adjusted gross income (AGI) for state individual income tax purposes beginning with tax year 1997. Under federal law, special rules are provided for individuals who invest in passive assets through a foreign investment company. Under these rules, excess distributions from these investments are not included in the taxpayer's federal AGI, but rather, are subject to a special federal tax. Since this income is not included as part of federal AGI, it is not included as part of Wisconsin AGI. This provision would require taxpayers to add the amount of excess distributions received from a passive foreign investment company when calculating Wisconsin AGI. This is estimated to increase revenues by approximately \$300,000 annually.

\* **15. SALES TAX ON PREPAID CALLING CARDS**

	<u>Chg. to JFC</u>
<u>GPR-REV</u>	<u>\$170,000</u>

Provide that sales of prepaid calling cards and prepaid authorization numbers would be considered sales of tangible personal property and subject to the sales and use tax, effective on the first day of the second month beginning after publication of the bill.

Under current law, the sales tax is imposed on each taxable call made with a prepaid calling card or prepaid authorization number. Telephone calls are taxable if they originate in this state and are billed to a service address in this state. For calls made using prepaid cards, the tax is imposed if the call is made from a telephone located in this state, and the telephone company is required to collect the tax on these calls and remit the proceeds to DOR. This provision would, instead, impose the sales tax on the initial purchase of the calling card or authorization number.

Based on industry data, it is estimated that this provision would increase sales tax revenues by \$70,000 in 1997-98 and \$100,000 in 1998-99. These estimates should be considered speculative.

## FINANCIAL INSTITUTIONS

### 1. SMALL BUSINESS INFORMATION CENTER

Delete the provision of \$67,200 PR in 1997-98 and \$26,000 PR in 1998-99 to fund the development and operation of a small business information center in the Department of Financial Institution's Division of Securities. Since any balance exceeding 10% of the Department's expenditures lapses to the general fund as GPR-Earned at the end of each fiscal year, this modification would increase revenues by \$6,700 in 1997-98 and decrease revenues by \$4,100 in 1998-99.

	Chg. to JFC
GPR-REV	\$2,600
PR	- \$93,200

### 2. NONDISCRIMINATION RULES -- AUTOMATED TELLER MACHINES

Require the rules of the Divisions of Credit Unions, Savings and Loans and Banks to provide that any ATM would be available for use, on a nondiscriminatory basis, by any state or national credit union, savings bank, savings and loan, and bank and by all customers designated by the institution.

### 3. PAWNBROKER LOANS

Allow a pawnbroker to lend more than \$150 if licensed by the Division of Banking in the Department of Financial Institutions. Allow the Division to promulgate administrative rules regulating the conduct of licensed pawnbroking. Under current law, pawnbrokers are not licensed and a pawnbroker's loan may not exceed \$150. In addition, this provision would make technical changes to clarify language under the state's precomputed loan law.

## WORKFORCE DEVELOPMENT

### Departmentwide

#### 1. **NONDISCRIMINATION AGAINST RELIGIOUS ORGANIZATIONS**

Delete provisions relating to nondiscrimination against religious organizations in contracting for services and awarding grants.

#### 2. **BROWNFIELDS WORKPLACE SAFETY STUDY**

Require the Department of Workforce Development (DWD), in consultation with the Department of Commerce, to report to the standing committees of the Legislature with jurisdiction over labor issues about the training and safety requirements that will apply to individuals in projects to clean up brownfields if those projects receive state funding or if Wisconsin Works (W-2) participants are assigned to participate in those projects. DWD would be required to make the report no later than the first day of the fourth month beginning after the effective date of the bill.

### Employment and Training Programs and Services

#### 1. **MINIMUM WAGE -- OPPORTUNITY WAGE DISPLACEMENT**

Authorize DWD to promulgate a rule permitting an employer to pay to an employe who is under 20 years of age and who has been employed by that employer for 90 or fewer consecutive days from the date of initial employment an opportunity wage that is less than the living-wage that the Department has determined for employes generally. If the Department promulgates a rule establishing an opportunity wage, the rule shall prohibit any employer from hiring an employe at the opportunity wage if that hiring would result in any of the following:

- a. Displacing a regular employe or reducing the wages, employment benefits or hours of work of any regular employe.

- b. Impairing an existing contract for services or a collective bargaining agreement.
- c. Filling a position when any other person is on layoff from the same or a substantially equivalent job within the same organizational unit.
- d. Filling a vacancy created by the employer terminating a regular employee or otherwise reducing the employer's work force for the purpose of hiring an employee at the opportunity wage.
- e. Infringing the promotional opportunities of a regular employee.

**2. YOUTH APPRENTICESHIP PROGRAM**

~~Eliminate the Youth Apprenticeship program and~~ Delete \$690,000 GPR in 1997-98 and \$1,150,000 GPR in 1998-99 to eliminate funding for youth apprenticeship training grants.

	<b>Chg. to JFC</b>
GPR	- \$1,840,000

**Economic Support and Child Care**

**1. WAGE-PAYING COMMUNITY SERVICE JOBS**

Eliminate the optional wage-paying community service job provisions adopted by Joint Finance and, instead, provide \$12,194,800 in 1997-98 (\$946,500 GPR and \$11,248,300 FED) and \$11,940,500 (\$801,700 GPR and \$11,138,800 FED) in 1998-99 for a wage-paying community service job to replace the current grant-paying CSJ. Provide that a CSJ participant may work in a community service job for up to 30 hours per week with a maximum requirement of 1,560 hours per year and be paid the minimum wage for each hour actually worked in the CSJ. Provide that these participants would be eligible for the state earned income tax credit (EITC) if the federal IRS determines that they would be eligible for the federal EITC. As under current law, the CSJ participant would not be eligible for the homestead tax credit.

	<b>Chg. to JFC</b>
GPR	\$1,748,200
FED	<u>22,387,100</u>
Total	\$24,135,300

Under this provision, the W-2 agency would be authorized to offer employment directly to a participant or contract with another person to offer employment. The W-2 agency would be required

to reimburse an employer for the participant's wages, the employer's share of payroll taxes, any unemployment compensation and worker's compensation paid on behalf of the participant.

The amounts allocated for payment to W-2 agencies for subsidized employment would be increased by \$6,748,300 FED in 1997-98 and \$6,638,800 FED in 1998-99 to cover employer reimbursements associated with this provision. In addition, it is estimated that the cost of providing the state EITC would be \$5,446,500 in 1997-98 and \$5,301,700 in 1998-99. Of these amounts, \$4,500,000 in each year would be provided from federal TANF block grant funds. The remaining funding would be \$946,500 GPR in 1997-98 and \$801,700 GPR in 1998-99.

## 2. CUSTODIAL PARENTS OF INFANTS

	Chg. to JFC
FED	- \$978,100

Provide that a custodial parent of a child age 12 weeks or less receive a monthly grant of \$628, the same grant as a transitional placement participant. Under SSA 1 to SB 77, these parents would receive a monthly grant of \$673, the same grant as a community service job participant. Under this provision, funding allocated to W-2 agencies for subsidized employment would be reduced by \$444,600 in 1997-98 and \$533,500 in 1998-99.

In addition, provide that a custodial parent of a child under the age of one year would not be considered to have refused to participate in a W-2 employment position if the individual refuses to accept or voluntarily leaves an employment position that requires more than 20 hours per week of participation. The fiscal effect of this modification is unknown. Costs for CSJ benefits and child care could decrease if participants choose to work fewer than 30 hours per week. However, program costs could increase if individuals remain in subsidized employment positions for a longer period of time.

## 3. WORK REQUIREMENT FOR TWO-PARENT FAMILIES UNDER W-2

	Chg. to JFC
FED	\$2,400,000

Allocate \$1,200,000 annually to provide cash assistance to a second parent in a two-parent family who is required to participate in uncompensated work activities as specified below.

Provide that, if one parent in a two-parent family is participating in a W-2 employment position, the second parent would be required to participate in unsubsidized or subsidized employment, work experience, on-the-job training or a community service program for at least 20 hours per week. The second parent would not be subject to this work requirement if: (a) the family was not receiving federally funded child care assistance; (b) the second parent is disabled; or (c) the

second parent is caring for a severely disabled child. The Department would define the types of work activities that would qualify under this provision and whether the parent is disabled or caring for a severely disabled child.

Specify that if the second parent in a two-parent family is required to participate in uncompensated work activities, and the second parent was not able to obtain unsubsidized employment, the second parent would receive a monthly grant of \$673, paid by the W-2 agency. If the individual is required to work fewer than 30 hours per week, the grant would be reduced by an amount equal to the product of \$5.15 and the difference between 30 and the number of hours the participant is required to work. Under this provision, the cost of the grants would be provided from the contract allocation to the W-2 agency.

Allow the W-2 agency to reduce the monthly grant of a participant in a W-2 community service job or transitional placement by \$5.15 for every hour that the second parent who is subject to the work requirement fails to meet the requirement without good cause. Good cause would be determined by the financial and employment planner under rules promulgated by the Department, and would have to include required court appearances for victims of domestic abuse.

In addition, specify that a W-2 participant would be ineligible to participate in a W-2 employment position if the second parent is subject to the work requirement and refuses three times to participate. The second parent would be considered to have demonstrated a refusal to participate if the second parent: (a) expresses verbally or in writing to a W-2 agency a refusal to participate; (b) fails without good cause to appear for an interview with a prospective employer; (c) voluntarily leaves employment or training without good cause; (d) loses employment as a result of being discharged for cause; or (e) demonstrates through other behavior or action, a refusal to participate in a W-2 employment position. These provisions relating to a refusal to participate currently apply to W-2 participants.

#### 4. LEARNFARE

Eliminate the Learnfare program, including Learnfare case management and local Learnfare projects. Under this provision, funding from the allocations for state administration for public assistance programs would be reduced by \$8,931,000 in 1997-98 and \$9,381,000 in 1998-99. Funding allocations of \$2,619,000 in each year for Learnfare case management and \$450,000 in 1997-98 for local learnfare projects would be eliminated. Total funding allocated for the Learnfare program would thus be reduced by \$12 million in each year.

	Chg. to JFC
FED	- \$24,000,000

## **5. PUBLIC ASSISTANCE APPROPRIATION STRUCTURE**

Delete the provision that would provide for a single category of expenditures for amounts allocated to W-2 agencies for office costs, the long-term and refugee supplement and subsidized employment benefits.

The Joint Finance Committee adopted a provision that would specify in the statutes the maximum amounts that could be expended from the state and federal appropriations for specific components of the AFDC and W-2 programs, and provided for a single category of expenditures for amounts allocated to W-2 agencies for office costs, the long-term and refugee supplement and subsidized employment benefits. This provision would provide for separate categories of expenditures for those items.

As under SSA 1 to SB 77, the Department would be authorized the transfer up to 10% of the amount specified in the statutes for each component of W-2 to another component. If the Department wished to transfer more than 10% of the amount specified, it would have to submit a request to the Committee, which would be subject to a 14-day passive review process similar to section s. 16.515 requests.

## **6. UNEXPENDED W-2 AGENCY FUNDING**

Prohibit the Department from expending any funds that are returned to the state as part of the allocation of unexpended W-2 agency funding. Direct that the Department may not expend any such funds until the fiscal year immediately following the fiscal year in which received.

## **7. CALCULATION OF INCOME FOR W-2 ELIGIBILITY**

Specify that the value of any benefits received under the following programs may not be included in calculating gross income for purposes of determining eligibility for W-2 employment positions, job access loans or child care: National School Lunch Act; Housing Act of 1994; food stamp program; Older Americans Act of 1965; Higher Education Act; Child Nutrition Act; Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970; Rehabilitation Act of 1973; Domestic Volunteer Service Act of 1973; Indian Tribal Judgment Funds Use or Distribution Act; Robert T. Stafford Disaster Relief and Emergency Assistance Act; Benefits for Indian tribes for submarginal land; Housing and Community Development Amendments of 1978; Low-Income Home Energy Assistance Act of 1981; certain federal settlements for Indian tribes and other assistance; and the Technology-Related Assistance for Individuals with Disabilities Act of 1988.

## **8. GED FOR W-2 PARTICIPANTS**

Provide that, to the extent permitted by federal law, a W-2 agency may permit a W-2 participant who has attained the age of 20 and who has not obtained a high school diploma or declaration of equivalency of high school graduation to attend high school or enroll in a course of study for obtaining a GED/high school equivalency diploma for up to 20 hours per week, provided the participant is participating in work activities for a minimum of 20 hours per week and is making satisfactory progress in the course of study as determined by the W-2 agency. ~~Such participants would receive a monthly grant of \$628, the same amount provided to transitional placements.~~ CSJ participants would be paid \$5.15 per hour for up to 10 hours per week of class time and study time. Transitional placements could count up to 10 hours per week of class time and study time as satisfying the work requirement for transitional participants. Under these provisions, participants in GED programs could count two hours of study time for each hour of class time.

## **9. POSTSECONDARY EDUCATION FOR CSJ PARTICIPANTS**

Provide that, to the extent permitted by federal law, a participant in a community service job under the W-2 program may elect to participate in a full-time postsecondary education program in lieu of a community service job if the W-2 agency determines that the education program is likely to lead to employment and the participant maintains full-time status in the educational program as determined by the educational institution. In addition, the participant must regularly attend all classes and maintain a grade point average of at least a 2.0, or the equivalent as determined by the educational institution. CSJ placements in postsecondary education would be paid minimum wage for each hour that they participate in educational activities, up to 30 hours per week. Eligible participation would include two hours of study time for each hour of class time.

## **10. CUSTOMIZED TRAINING FOR CSJ PARTICIPANTS**

Provide that if an employer guarantees unsubsidized employment to a W-2 participant, but requires up to 16 weeks of training as a necessary prerequisite to securing that employment, the W-2 agency must consider the individual to be a community service job participant and must pay the participant minimum wage for each hour of participation in the training program, up to 30 hours per week. Provide that the W-2 agency must extend the 60-month time limit for participation in W-2 employment positions and the 24-month time limit for participation in community service jobs for the number of weeks necessary for the individual to remain a community service job participant while participating in the training, but not more than 16 weeks.



### 11. EMPLOYMENT SKILLS ADVANCEMENT PROGRAM

Delete \$833,300 in 1997-98 (\$291,700 GPR and \$541,600 FED) and \$1,000,000 in 1998-99 (\$350,000 GPR and \$650,000 FED) and repeal the employment skills advancement program.

	Chg. to JFC
GPR	- \$641,700
FED	- 1,191,600
Total	- \$1,833,300

### 12. PARTNERSHIP FOR FULL EMPLOYMENT

Require the Department not to expend more for activities related to the partnership for full employment (PFE) in the 1997-99 fiscal biennium than it expended for those activities in the 1995-97 fiscal biennium. Reduce the allocations under state administration for public assistance programs by \$3,898,400 in 1997-98 and \$3,513,300 in 1998-99 to reflect the TANF block grant funding portion of this provision. In addition, eliminate 4.0 PFE Manager Consultant positions in 1997-98, and 3.0 additional PFE Manager Consultant positions in 1998-99. In addition to the reduced TANF expenditures, this provision would reduce expenditures from the federal job training and partnership act and Wagner-Peyser funds by \$1,369,700 in 1997-98 and \$1,234,400 in 1998-99.

	Chg. to JFC	Funding Positions
FED	- \$10,015,800	- 7.00

### 13. CITIZENSHIP ADVOCATES

Provide \$120,000 annually in federal TANF block grant funds and ~~4.0~~ 5.0 positions for a program to provide advocacy services to help immigrants in Madison, Milwaukee, La Crosse, Wausau and Green Bay to obtain U.S. citizenship. The Department may expend funds for this program only if it receives grants from local units of government for the program in an amount equal to 25% of the program costs.

	Chg. to JFC	Funding Positions
FED	\$240,000	<del>4.00</del> <u>5.00</u>

### 14. W-2 EVALUATION

Decrease funding for state administration by \$500,000 GPR in each year in DWD and increase funding by \$500,000 GPR in each year for the Legislative Audit Bureau (LAB) to reflect the transfer of the responsibility for the contracting for a financial and performance audit of the W-2 program from DWD to the LAB. Specify that the LAB must contract with a person that has experience in evaluating and auditing economic support programs. Specify that the contract require that the person submit a report that includes an evaluation of the effect of the W-2 program on the unsubsidized wages of former W-2 employment position participants, the wages of trial job participants and the wages of participants that move from community service jobs and transitional placements to trial jobs.

The report must also include the effect of W-2 on the provision of child care services and the utilization and cost of the W-2 health plan.

In addition, eliminate the current law provision that specifies that if an evaluation is required under the terms of a federal waiver that is granted to the state in order to permit the state to implement the W-2 program, the LAB, in consultation with the Department, may contract with a private or public agency to perform that evaluation and may charge the Department for the cost of the evaluation. The state is not operating under the terms of such a federal waiver because federal legislation was enacted which allows the state to implement the W-2 program.

#### 15. COPAYMENTS FOR W-2 CHILD CARE

	Chg. to JFC
FED	\$9,100,000

Provide \$4,000,000 in 1997-98 and \$5,100,000 in 1998-99 to limit W-2 child care copayments to 10% or less of income. Under current law, the child care copayment is a flat fee based on family income as a percentage of the federal poverty level (FPL), the number of children in care, and the type of child care (licensed versus certified care). Current copayments range from a low of 2.2% of gross family income for a family with one child in certified care and income below 70% of the FPL to a high of 16.8% of income for a family with two children in licensed care and income between 215% and 217% of the FPL.

#### 16. CHILD CARE FOR EDUCATION AND TRAINING

	Chg. to JFC
FED	\$1,000,000

Provide \$440,000 in 1997-98 and \$560,000 in 1998-99 to expand, beginning October 1, 1997, the types of activities for which a child care subsidy under W-2 can be obtained to include all education and training programs ~~that are likely to lead to paid employment, as determined by rule by DWD.~~

Under SSA 1 to SB 77, child care for education and training is limited to:

- Meeting Learnfare school attendance requirements;
- Obtaining a high school diploma or high school equivalency declaration if the parent is 19 years old or younger;
- Training and education that is part of a W-2 employment position; and

- Other employment skills training, including a GED, other vocational training or educational courses that provide an employment skill, as defined by DWD, or a course of study at a technical college if the Wisconsin Works agency determines it would facilitate obtaining or maintaining employment. Child care for these other employment skills training would only be available for up to two years for each individual and would be limited to the following two groups: (a) persons employed in unsubsidized employment for nine consecutive months and continuing to be so employed; or (b) participants in Wisconsin Works employment positions.

#### **17. LIMIT FOR UNRELATED CHILDREN UNDER CERTIFIED CHILD CARE**

Delete the provision to allow Level I certified child care providers to care for up to six unrelated children under the age of seven and retain the current statutory restriction that no person may for compensation provide care and supervision for four or more children under seven unless that person obtains a license to operate a day care center from the Department of Health and Family Services.

Under current law and rules, a certified child care provider is prohibited from caring for more than three unrelated children under the age of seven. Current law and rules, however, allow a certified provider to care for six children under seven, if three or more children are related to the child care provider.

#### **18. THRESHOLD FOR CHILD CARE LICENSE**

Delete the provision that would allow a non-state-licensed child care provider to care for up to four unrelated children under the age of seven, and restore the current law provision that no person may for compensation provide care and supervision for four or more children under seven unless that person obtains a license to operate a day care center from the Department of Health and Family Services.

#### **19. ASSIGNMENT OF CHILD SUPPORT UNDER W-2**

Adopt Joint Finance Committee action to require, rather than permit, DWD to pay to a W-2 applicant or participant all support monies received by the Department under an assignment to the state. Further, specify that the Department must pay the federal share of support assigned to the state as required under federal law or waiver. Finally, instead of specifying that "amounts assigned to the state under this provision remain assigned to the state until the amount of benefits paid that represents the amount due as support or maintenance has been recovered", provide that amounts of support

assigned to the state would remain assigned to the state until the amount due to the federal government has been recovered.

## 20. EMPLOYMENT TRANSPORTATION

Provide that a project under the Job Ride program would be defined to include a project that is designed to improve access to W-2 employment positions. Current law authorizes the Department to conduct the Job Ride program, an employment and transit assistance project which provides transportation to individuals in Milwaukee County who seek employment in outlying suburban and sparsely populated and developed areas. As it is currently implemented, the Job Ride program provides transportation only for individuals who have permanent, full-time employment. Therefore, Job Ride would not be available to individuals in some W-2 employment positions, particularly community service jobs and transitional placements. Under this provision, the Job Ride program would be explicitly authorized to provide services to improve access to W-2 employment positions.

## 21. DRUG TESTING

Provide that provisions related to sanctions for W-2 participants, ineligibility for food stamps and drug testing would apply if an individual has been convicted of a drug-related felony within three years, rather than five years, prior to applying for food stamps or a W-2 employment position, but not before August 22, 1996.

## 22. YOUTH VILLAGE

Delete \$500,000 in TANF block grant funds each year for the youth village program. Further, eliminate the following provisions: (a) to be eligible for the youth village program a family must meet the eligibility requirements for a W-2 employment position; (b) children enrolled in the youth village program may not be absent from their home for more than 45 consecutive days; and (c) the youth village program and families enrolled in the program must meet any other federal requirements regarding the use of TANF funding.

	Chg. to JFC
FED	-\$1,000,000

## 23. FOOD STAMPS FOR LEGAL IMMIGRANTS

Provide \$3.8 million in 1997-98 and \$4.1 million in 1998-99 for a state funded food assistance benefit for legal immigrants or refugees

	Chg. to JFC
FED	\$7,900,000

who are ineligible for the food stamp program solely because of provisions of the 1996 federal welfare reform legislation (P.L. 104-193). Specify that the department must calculate the benefit amount in the same manner as food stamp benefits are calculated. Funding for the program would be provided from the Department's appropriations for public assistance programs.

#### **24. FOOD STAMP WAIVER**

Require DWD to request and implement waivers from federal food stamp employment requirements of the 1996 federal welfare reform legislation (P.L. 104-193) for able-bodied childless adults who reside in areas of the state determined by the Department to have an unemployment rate greater than 10%, or who reside in areas of the state that the Department determines do not have a sufficient number of jobs to provide employment for that group of individuals. Further, require the Department to evaluate independent studies (including those provided by the U. S. Department of Labor) regarding job scarcity or lagging job growth in any area to determine if these conditions apply and require DWD to request a waiver for a group residing in any area of the state in which any of those studies indicate that there is a substantial likelihood that these conditions are met. Define area to mean: (a) a county or combination of counties; (b) a city, village or town; (c) a smaller geographic region of a county, city, village or town; or (d) a federally recognized American Indian reservation.

#### **25. DISPUTE RESOLUTION PROCESS**

Modify the dispute resolution process recommended by the Governor as follows:

a. Delete the requirement that the petition be filed within 14 days after the date on which the certified copy of the W-2 agency decision is mailed. This provision would maintain current law which specifies that the applicant or participant has 15 days from the time he or she receives the decision to petition the Department for a review.

b. Require DWD to review any decision by a W-2 agency if the applicant or participant petitions the Department for review of the decision within 15 days from the time she or he receives the decision, or if the W-2 agency requests DWD to review the agency's decision.

c. Specify in the statutes that the review process at ~~both the W-2 agency level and at DWD~~ must allow individuals to present evidence and testimony, be represented by legal counsel and have access to records pertaining to their case.

d. Provide that, if a petitioner files a ~~timely~~ petition prior to the effective date of the action or within 15 days of receiving notice of the action, whichever is later, W-2 benefits generally may not be suspended, reduced or discontinued until a decision is rendered after the hearing, but may be

recovered by DWD if the contested decision is upheld. Specify that benefits must be suspended, reduced or discontinued if: (a) the recipient is contesting a state or federal law or a change in state or federal law and not the recipient's grant computation; or the application of the law to the facts of the participant's case; (b) ~~or~~ if the recipient is notified of a change in his or her benefits while the hearing decision is pending, but the recipient fails to request a hearing on the change; or (c) the participant requests that benefits not be paid pending the hearing decision. Provide that the petitioner must be promptly informed in writing if benefits are to be suspended, reduced or terminated pending the hearing decision. Specify that these provisions would apply to both levels of review under the W-2 provisions.

e. Require DWD to render its decision as soon as possible after the hearing and to send a certified copy of its decision to the applicant or participant and to the W-2 agency.

## **26. W-2 CHILD CARE FOR MINOR PARENTS**

Provide that individuals would be eligible for W-2 child care if the child care is needed to obtain a high school diploma or participate in a course of study to obtain a high school equivalency declaration if the individual is: (a) 18 or 19 years of age; or (b) the individual is less than 18 years old and resides with his or her custodial parent or a kinship care relative or in a foster home, treatment foster home group home or independent living arrangement supervised by an adult.

Under SSA 1 to SB 77, child care assistance would be available for obtaining a high school diploma or equivalency declaration for individuals who are under age 20 and who reside in one of the supervised living arrangements identified above. This modification would allow 18- and 19-year-old students who live independently to receive W-2 child care assistance.

## **27. ELIGIBILITY FOR W-2 CHILD CARE**

Clarify that an individual would be eligible for W-2 child care assistance if the person was eligible for, and received, low-income child care on September 30, 1997, but lost aid solely because of the sunset of the low-income child care program and the family's gross income is at or below 200% of the federal poverty level. This provision would not apply if the family's gross income exceeds 200% of poverty at any time on or after September 30, 1997. Under SSA 1 to SB 77, the low-income child care program would sunset on October 1, 1997.

**EDUCATION AND  
BUILDING PROGRAM**

**ARTS BOARD**

**1. DELETE GPR FUNDING TRANSFER TO ENDOWMENT FUND**

	Chg. to JFC
SEG	- \$884,200

Delete the Joint Finance Committee provision which would: (a) reduce each of the Board's GPR appropriations for grant programs by 20% annually, for a total reduction in grant program funding of \$442,100 GPR annually; and (b) transfer these GPR funds to a newly created segregated endowment fund from which the Board would be permitted to loan monies to any of the individuals or entities that are eligible for grants under the Board's current programs. Instead, the \$442,100 GPR annually would remain in the Board's appropriations for grant programs.

**BUILDING PROGRAM**

**1. NASH AUTOMOBILE MUSEUM**

	Chg. to JFC
BR	\$1,000,000

Provide \$1 million in general fund supported general obligation bonding and \$7 million in gifts, grants and other receipts authority to construct an Nash automobile museum facility in Kenosha. Enumerate the \$8 million project in the 1997-99 state building program. Further, require the Building Commission, if it approves the Nash Auto Museum project to authorize the bonding and make payments to the Kenosha Historical Society for the maintenance, storage and display of its collection of Nash automobiles and other historical materials. The Building Commission would be required to determine the total amount of payment, which would not be allowed to exceed the lesser of the \$1 million in bonding enumerated in the building program or 12.5% of the total project cost. The Building Commission would not be allowed to make payments to the Kenosha Historical Society unless the Department of Administration (DOA) has reviewed and approved the plans for the project; however, DOA would be prohibited from supervising any services or work or contracting for the project. Further, the Governor or the DOA Secretary would not have to approve any contract for work on the project.



## 2. SURETY BONDS FOR PUBLIC WORKS CONTRACTS

Specify that school districts would have the authority to waive the surety or performance bond requirements for public works contracts that are not in excess of \$50,000, if the contract meets written standards for a waiver as established by the school district board and the school district board guarantees payment to any subcontractor on the project and all those who have claims for labor on the project. Under Joint Committee on Finance action, school districts, along with the state and local units of government, could only waive the performance bond requirements for contracts up to \$25,000 if the same conditions would be met.

## 3. WISTAR BONDING ADJUSTMENT IN 1997-98

Delete the Building Commission recommendation that would: (a) decrease the amount of general fund supported borrowing authorized for the Wisconsin Initiative for Technology and Applied Research (WISTAR) program prior to July 1, 1998, from \$150 million to \$130 million; and (b) restore the amount of bonding for WISTAR to \$150 million effective July 1, 1998. Instead, the current law bonding amount of \$150 million would remain unchanged for the 1997-99 biennium.

### EDUCATIONAL COMMUNICATIONS BOARD

#### \* 1. EMERGENCY WEATHER WARNING SYSTEM EXPANSION

~~Delete \$283,600 of general obligation bonding to reflect the elimination of funding for the construction of four out of the five proposed emergency weather warning system transmitters, including Rock County, Fond du Lac, Bloomington and Ashridge. Funding for Sheboygan would be retained. Delete \$34,000 PR in 1997-98 and \$48,300 PR in 1998-99 to reflect the elimination of operating funds for these four transmitters. Provide \$116,800 of general obligation bonding for the construction of a transmitter in the Crandon area. Provide \$10,000 PR in 1997-98 and \$14,400 PR in 1998-99 for the operating costs of this transmitter.~~

	Chg. to JFC
BR	<del>-\$166,800</del> <u>\$116,800</u>
PR	<del>-\$57,900</del> <u>\$24,400</u>

## HIGHER EDUCATIONAL AIDS BOARD

### 1. WISCONSIN HIGHER EDUCATION GRANT (WHEG) PROGRAM FOR UW STUDENTS

	Chg. to JFC
GPR	\$4,795,100

Provide \$2,244,800 in 1997-98 and \$2,550,300 in 1998-99 for the Wisconsin Higher Education Grant (WHEG) program for UW students. Total funding for the program would increase from its base level of \$14,283,200 to \$16,502,200 in 1997-98 and \$17,244,800 in 1998-99, which would represent increases of 15.5% and 4.5%, respectively.

### 2. TUITION GRANT

	Chg. to JFC
GPR	\$818,600

Provide an additional \$321,000 in 1997-98 and \$497,600 in 1998-99 for the tuition grant program to increase funding by 4% annually, compared to the 2% increase in 1997-98 and 3% in 1998-99 under the Governor's and Joint Committee on Finance version of the budget. Total funding for the program would increase from \$16,050,200 in 1996-97 to \$16,692,200 in 1997-98 and \$17,359,900 in 1998-99.

### 3. TEACHER EDUCATION LOAN PROGRAM

	Chg. to JFC
GPR	\$400,000

Provide \$150,000 in 1997-98 and \$250,000 in 1998-99 in a new, annual appropriation for a teacher education loan program to be administered by HEAB. Require the Board to establish a loan program to defray the cost of tuition for persons enrolled in a teacher education program offered by the Milwaukee Teacher Education Center, a nonstock, nonprofit corporation. Provide that after an individual who receives a loan under the program has completed the teacher education program, the Board would be required to forgive 50% of the loan and 50% of the interest on the loan for each school year that the individual is employed as a full-time teacher in the Milwaukee Public Schools. Require the Board to deposit in the general fund as GPR-Earned, all loan repayments, including interest payments, received under the program. Require the Board to promulgate rules to administer the loan program.

**4. WISCONSIN HIGHER EDUCATION GRANTS FOR STUDENTS ATTENDING TRIBALLY CONTROLLED COLLEGES**

	Chg. to JFC
GPR	\$330,000

Provide \$165,000 annually in a new, biennial appropriation for Wisconsin Higher Education Grants (WHEG) for students enrolled at tribally controlled colleges in the state.

**5. CHILD CARE WORKER LOAN REPAYMENT ASSISTANCE PROGRAM**

	Chg. to JFC
GPR	\$100,000

Provide \$50,000 annually in a new biennial appropriation for a child care worker loan repayment assistance program. This program would reimburse an eligible resident child care worker for 10% of the outstanding principal amount of any student loans, or \$1,000, whichever is less, for each 12-month period of eligibility. Require the child care worker to submit a statement from the lender within 30 days of the submission giving the outstanding principal balance of the loan and that the loan is not in default.

Establish the following eligibility requirements for child care workers: (a) the worker graduated after April 30, 1996, with a bachelor's degree from an institution of higher education located in Wisconsin or a degree under an associate degree program at a Wisconsin Technical College, in an area relating to early childhood education; (b) the worker is currently repaying student loans and is not in default; and (c) the worker has been continuously employed on a full-time basis in Wisconsin for at least 12 months as a child care worker.

Provide that for each succeeding 12-month period of eligibility, the child care worker could receive an additional 10% reimbursement. Specify that no child care worker could receive more than five loan repayment assistance payments under the program. Provide that HEAB would make loan repayment assistance payments subject to the availability of funds.

Require HEAB to promulgate rules to implement this program, including rules establishing criteria and procedures for loan repayment assistance and, after consultation with the Department of Health and Family Services (DHFS), defining child care worker. Specify that the definition of child care worker would have to include any child care position included in rules of DHFS relating to day care and family day care centers for children.

**HISTORICAL SOCIETY**

**1. RESTORE FUNDING AND STAFF REDUCTIONS**

Provide \$188,400 and 0.85 positions annually for the purposes of performing library bibliographic instruction and archives paper conservation lab services. This provision would restore the 2% annual reduction to the Society's base GPR appropriations as recommended by the Governor and JFC. Delete the requirement that the Society must identify a proposed allocation of the unspecified funding reductions subject to JFC approval under a 14-day passive review process.

Chg. to JFC Funding Positions		
GPR	\$376,800	0.85

**2. HISTORIC SITES PROGRAM**

Provide \$150,000 annually for supplies and services to be split evenly between the historic sites general program operations and Old World Wisconsin. This provision would restore a GPR reduction that was included as part of the Joint Finance Committee's recommendations.

Chg. to JFC	
GPR	\$300,000

**MEDICAL COLLEGE OF WISCONSIN**

**1. FAMILY PRACTICE RESIDENCY PROGRAM**

Delete the requirement that the Medical College of Wisconsin (MCW) utilize additional state funding provided in the bill for the addition of two family practice physicians for the family practice residency program and allocate those physicians in a manner that would maximize the number of family practice residents in the program. Delete the requirement that MCW provide 50% matching funds for any additional state funds provided. Instead, require that MCW utilize the additional funding to fund family practice residents in the family practice residency program at residency sites located in the City of Milwaukee. Prohibit the use of these additional state funds for administrative support of any family practice resident. Under the Joint Finance Committee version of the bill, MCW

would receive \$136,400 GPR in 1997-98 and \$181,900 GPR in 1998-99 over base funding levels for the family practice residency program.

**PUBLIC INSTRUCTION**

**\* 1. AID FOR LOW-INCOME PUPILS**

	Chg. to JFC
GPR	\$67,000,000

Provide \$67,000,000 in 1998-99 for a categorical aid program for low-income pupils. A low-income pupil would be defined as a pupil who participates in the federal free and reduced price lunch program. In general, a school district would be eligible for aid as follows: (a) in 1998-99 if class size in each class in grades K-1 would be 18 or less; (b) in 1999-2000 if class size in each class in grades K-2 would be 18 or less; and (c) in 2000-01 if class size in each class in grades K-3 would be 18 or less.

Specify that the amount of aid that a school district would be eligible for would be determined by dividing total funding by the weighted number of low-income pupils statewide in the prior year, and multiplying this amount by the number of weighted low-income pupils in the district in the prior year. The number of low-income pupils would be weighted by multiplying the number of low-income pupils by the percentage of shared costs that the school district received in equalization aids in the prior year.

Provide that no school district would be eligible to receive more than 15% of amount appropriated for this program. Specify that if a school district's enrollment is greater than 4,000 and less than 1% of its pupils are low-income pupils, then the school district would be eligible for the greater of: (a) the amount it would otherwise qualify for under the program; or (b) 80% of the amount that would be calculated under the program, if the school district's participation rate in the federal lunch program were equal to the statewide average.

Require that by November 15, DPI would notify each school district of the amount of aid it would be eligible for in the following year. Provide that each school board would notify DPI by January 1, whether it wishes to receive aid under this program. Based on this response, DPI would be required to recalculate the aid amounts using the same procedure as described above, but using data only for the school districts that wish to receive aid. By April 1, DPI would be required to notify each school district of the amount of aid it would receive under the program in the following year.

Provide that a school district receiving aid under this program would have to use the aid to reduce class size to, or maintain class size at, the specified levels unless other uses beneficial to K-3 pupils would be approved by DPI. Require DPI to evaluate this program using the current law third grade reading comprehension test and the fourth grade knowledge and concepts examination and specify that the State Superintendent would have to submit an annual evaluation of the program beginning in 2002.

Specify that if a school district receives aid under the program, the revenue limits otherwise applicable to the school district would be increased by 50% of the amount of aid received. As a categorical aid, school district revenue limits would not apply to the aid amounts received under the proposal under current law. Under this 50% addition to revenue limits, total revenues available to school districts could increase by \$100.5 million in 1998-99, so that the proposed \$67 million in aid would meet the goal of two-thirds funding of partial school revenues.

Require DPI in submitting its agency budget request for the 1999-2001 budget, to estimate that the amount that would be appropriated for this program in 1999-2000 would be \$100.5 million. Specify that DPI would use the amount of \$100.5 million in determining school districts' eligibility for aid in 1999-2000, when notifying school districts of potential aid amounts during 1998-99.

\* ~~2. GENERAL EQUALIZATION AID - TRANSFER TO SCHOOL LEVY TAX CREDIT~~

~~Transfer \$100 million for 1998-99 from the proposed increase in equalization aids, payable on the fourth Monday in July of 1999, to the school levy tax credit. This would delete the change made by the Joint Committee on Finance and restore the Governor's recommendation to increase the school levy tax credit from \$469.3 million to \$569.3 million in July of 1999.~~

~~3. PROCEDURE FOR SETTING EQUALIZATION AID FUNDING LEVEL IN A BUDGET YEAR~~

~~Modify the current law procedure for the first fiscal year of a biennium. The modification would specify that if the Joint Committee would approve an amount to appropriate as equalization aid before the enactment of the biennial budget bill, the amount appropriated for equalization aid in the budget bill would take precedence.~~

**4. SCHOOL DISTRICT REVENUE LIMITS -- MAXIMUM-ALLOWABLE REVENUE INCREASE**

	<b>Chg. to JFC</b>
<b>GPR</b>	<b>\$9,100,000</b>

Provide an annual inflation adjustment to the current law flat dollar amount of \$206 that is provided as an annual increase in a school district's per pupil revenue derived from general school aids and property taxes. As a result, it is estimated that under this provision the \$206 would increase to \$211 per pupil in 1997-98 and to \$217 per pupil in 1998-99. This provision would increase the estimated cost to provide two-thirds funding by \$2,800,000 in 1997-98 and \$6,300,000 in 1998-99 compared to the amounts provided in SB 77 for equalization aids. Provide that the rate of inflation would be based on the change in CPI-U for the month of March in that calendar year compared to the prior March.

**5. SCHOOL DISTRICT REVENUE LIMITS -- SUMMER SCHOOL ENROLLMENT**

	<b>Chg. to JFC</b>
<b>GPR</b>	<b>\$3,960,000</b>

Allow school districts to count 20% of their full-time equivalent (FTE) summer school enrollment in classes taught by licensed teachers as part of the three-year revenue limit average, beginning with the summer school enrollment count for the 1998-99 school year. Specify that the summer school FTE count would not be added to prior school year enrollment counts. Provide that this would phase in by including 20% of FTE summer school enrollment only in the fall, 1998, membership count in calculating revenue limits in 1998-99. Specify that in 1999-2000, 20% of FTE summer school enrollment would be included in the fall, 1998, and fall, 1999, membership count, and continue to add years in the future. This provision would increase the estimated cost to provide two-thirds funding by \$3,960,000 in 1998-99 for equalization aids. Once the proposal would be fully phased in, the annualized costs would be an estimated \$11.9 million.

**6. SCHOOL DISTRICT REVENUE LIMITS -- DEBT SERVICE ON TECHNOLOGY INFRASTRUCTURE LOANS**

	<b>Chg. to JFC</b>
<b>GPR</b>	<b>\$1,749,900</b>

Provide an adjustment to revenue limits for the school district share of debt service on educational technology infrastructure loans. Under the TEACH program, school districts may apply to the TEACH Board for loans to upgrade their electrical and computer network wiring. School districts would be required to pay 50% of the total debt service and the state would pay 50% of the total debt service on these loans. Because school districts could levy for this debt service under this provision, the cost of funding two-thirds of partial school revenues would increase and an additional \$83,300 in 1997-98 and \$1,666,600 in 1998-99 would need to be provided in equalization aids.

**7. SCHOOL DISTRICT REVENUE LIMITS -- TRANSFER OF SERVICE**

	Chg. to JFC
GPR	\$2,000,000

Delete the provision which requires DPI to ensure that if responsibility for providing a service is transferred from one school district to another school district within the state, the decrease in the former district's limit must be equal to or greater than the increase in the latter district's limit. It is estimated that this provision would cost \$1.0 million annually for equalization aids in order to maintain the state's goal of funding two-thirds of partial school revenues.

**8. ALTERNATIVE EDUCATION PROGRAMS FOR CHILDREN-AT-RISK**

Authorize a second purpose for the children-at-risk aid that, under current law, is distributed to school districts that report a dropout rate of 50 or more pupils and a rate that exceeds 5% of its total high school enrollment. Provide that DPI may award grants to a school district or a school district in a consortia of school districts located within the same CESA to create or expand alternative education programs for pupils who are expelled from school and for children-at-risk, as defined by current law.

A school district or consortium of school districts would be eligible for this aid if the district or consortium has reported a total of at least 100 dropouts to DPI in the previous school year. For each pupil enrolled in the program, DPI would award an amount equal to 10% of the statewide average shared cost per pupil. DPI would not award more than \$50,000 in 1997-98 or more than \$100,000 in 1998-99. Specify that a school district could not receive aid for a pupil under this provision if: (a) the school does not provide required information to DPI; (b) the school district already receives aid for the pupil under the current law program; or (c) the pupil fails to meet current law performance standards.

This alternative education program would sunset on June 30, 1999. Under the JFC version of the budget bill, \$3,500,000 GPR is available annually for children-at-risk programs.

**9. FOUR-YEAR-OLD KINDERGARTEN PUPILS**

Delete references to five-year-old and four-year-old kindergarten programs; therefore, four and five-year-old pupils would be treated the same for purposes of equalization aid membership counts. This provision would first apply to state school aids distributed in the 1999-2000 school year, which



would be calculated using membership from the 1998-99 school year. In addition, this change would affect the calculation of school district revenue limits beginning in 1999-2000.

Under current law, a five-year-old kindergartner enrolled in a half-day program is counted as 0.5 member. A pupil enrolled in a five-year-old kindergarten program for a full day, five days a week, is counted as 1.0 member. A full-time equivalency method is used for kindergartners attending a full day but fewer than five days a week. Under current law, a four-year-old kindergarten pupil is counted as 0.5 member regardless of the length of time in school, unless the program provides at least 87.5 additional hours of outreach activities, in which case, the pupil is counted as 0.6 members.

**10. MA REIMBURSEMENT OF SCHOOL BASED SERVICES AND SHARED COSTS**

	Chg. to JFC
GPR-REV	\$775,200

*MA Reimbursement.* Specify that DHFS would reimburse school districts or cooperative educational service agencies for 50%, rather than 60%, of the federal share of allowable charges for school based services. Increase estimated general fund revenues by \$387,600 annually to reflect that 50%, rather than 40%, of the federal share of allowable charges for school based services would be credited to the general fund in 1997-99.

Under current law, if a school district or cooperative educational service agency (CESA) elects to provide school based services and if it meets all certification and reporting requirements, it is reimbursed for 60% of the federal share of allowable charges for school based services. The remaining 40% of the federal share is credited to the general fund as GPR-earned.

*Shared Costs.* Eliminate medical assistance as a deductible cost from shared costs as defined under the equalization aid formula.

Under current law, shared cost is determined by subtracting certain deductible receipts from the gross cost of a district's general fund for operating costs and its debt service fund for expenditures for long-term debt retirement. The primary deductions are: (1) state categorical aid; (2) federal aid; and (3) local, nonproperty tax receipts such as ticket sales, student fees and interest earnings. These items are deducted because they represent costs which have already been offset by sources other than the property tax or state equalization aid. This provision would direct school districts not to deduct federal medical assistance aid from gross costs.

Total shared costs aidable under the general equalization aid formula could be increased, which would result in a redistribution of state aids among school districts. It is projected that shared costs would increase by approximately \$2.3 million annually if this provision were approved.

School districts that receive federal medical assistance aid would generally get more equalization aids under the motion, at the expense of other school districts. However, school districts that receive federal medical assistance aid and generate negative tertiary aid under the equalization aid formula would lose equalization aid under the proposed change.

## **11. HIGH SCHOOL GRADUATION EXAMINATION**

Delete the requirement that a pupil pass the proposed high school graduation examination in order to be eligible for a high school diploma. Instead, provide that a pupil would have to demonstrate that he or she has met the academic standards established by the school board and that in determining whether a pupil has met the standards, a school board would be required to give substantive weight to the pupil's performance on the high school graduation examination. Require the State Superintendent to establish guidelines for the methods that a school board may use to determine whether a pupil has met the board's academic standards. Specify that DPI would not be required to promulgate these guidelines as rules. Delay the date by which school boards would be required to make a determination as to whether a pupil has met academic standards as a requirement of high school graduation, from September 1, 2001 to September 1, 2003.

## **12. PUPIL ACADEMIC STANDARDS**

Provide that by August 1, 1998, each school board would be required to adopt pupil academic standards in mathematics, science, reading and writing, geography and history. Specify that if the Governor has issued pupil academic standards as an executive order, the school board may adopt those standards.

## **13. CHARTER SCHOOLS CREATED BY OTHER ENTITIES IN THE MPS DISTRICT**

Delete the provision that would authorize the University of Wisconsin-Milwaukee, the Milwaukee Area Technical College and the City of Milwaukee to establish or contract for the establishment of charter schools that serve pupils residing in the Milwaukee Public School (MPS) School District.

**14. DELETE CHANGE TO CHARTER SCHOOL CONTRACT TERM**

Delete the provision that would allow school boards to enter into or renew charter school contracts for any length of time. Under current law, charter school contracts are limited to five year terms.

**15. DELETE CHANGE TO CHARTER SCHOOL PETITION PROCESS**

Delete the provision that would provide that a petition requesting a school board to establish a charter school would only have to be signed by at least 10% of the teachers employed by the school district or by at least 50% of the teachers employed at one school in the district, if the proposed charter school would replace a public school in whole or in part. Under current law, these signature percentages are required for any charter school established through the petition process.

**16. CHARTER SCHOOL INSTRUMENTALITY IN THE MPS DISTRICT**

Require that all charter schools created in the MPS District would be instrumentalities of the District and the District would employ all charter school employes. This provision would first apply to charter school contracts entered into, extended, modified or renewed on the effective date of the budget. Under the JFC version of the budget, private schools converted to charter schools would not be instrumentalities of MPS, charter schools created through the teacher petition process would be instrumentalities of MPS and for all other charter schools, the MPS school board would determine whether or not the charter schools would be instrumentalities of the District.

**17. POSTSECONDARY ENROLLMENT OPTIONS PROGRAM -- UW AND PRIVATE COLLEGES**

Delete the Governor's recommendations, as modified by Joint Finance, which would: (a) rename the postsecondary enrollment options (PSEO) program the "youth options program"; (b) change the date by which a school district must notify a pupil of its determinations regarding high school credit, graduation requirements and comparability, to prior to the beginning of the semester in which the pupil will be enrolled in a postsecondary institution; and (c) require that the State Superintendent cooperate with institutions of higher education in developing guidelines to assist school districts in making determinations relating to high school credit, graduation requirements and comparability. In addition, restore the current law requirement that, if a school board determines that the number of resident pupils enrolled in a course at a postsecondary institution is equal to or greater than the number normally required for the district to offer the course and the board expects the

situation to continue in the next school year, the school district must offer the course in the district in the next school year.

**18. POSTSECONDARY ENROLLMENT OPTIONS PROGRAM -- WTCS**

Delete the Governor's recommendation, as modified by Joint Finance, which would establish separate criteria and requirements for pupils attending technical colleges under the postsecondary enrollment options (PSEO) program. Restore the current law provision which requires that a pupil attending a technical college under the program be a state resident. Provide that the same criteria and requirements for pupils attending UW and private institutions under the program would also apply to pupils attending technical colleges. As under current law, for those courses for which a school district is required to pay, the amount paid by the school district to the WTCS district would be the actual cost of tuition, fees, books and other necessary materials directly related to the course.

**19. PUBLIC LIBRARY SYSTEM AIDS AND LIBRARY SERVICE CONTRACTS**

	Chg. to JFC
GPR	\$2,758,000

Provide \$1,091,600 in 1997-98 and \$1,477,600 in 1998-99 for aid to public library systems. In 1996-97, aids to public library systems total \$11,772,200 annually. Provide \$80,200 in 1997-98 and \$108,600 in 1998-99 for library service contracts with the Regional Library for the Blind and Physically Handicapped at the Milwaukee Public Library (MPL), the Cooperative Children's Book Center and the Wisconsin Interlibrary Loan Service (WILS) at UW-Madison and the MPL interlibrary loan service. In 1996-97, the funding for these contracts totalled \$865,100.

Specify that DPI would be required to provide \$163,900 in 1997-98 and \$168,800 in 1998-99 for the WILS contract; \$59,100 in 1997-98 and \$60,900 in 1998-99 for the Children's Book Center contract; \$60,100 in 1997-98 and \$61,900 in 1998-99 for the MPL interlibrary loan contract; and \$662,200 in 1997-98 and \$682,100 in 1998-99 for the Regional Library. This would distribute the total increase for library service contracts on the basis of current funding for each of these contracts.

**20. RESTORE BUDGET REDUCTION**

	Chg. to JFC
GPR	\$491,600

Restore \$245,800 annually to the agency's general program operations appropriation. Joint Finance restored \$245,800 annually to

DPI; this provision would restore the remaining \$245,800 of annual budget reductions recommended by the Governor.

**21. DELETE GRANT FOR MILWAUKEE COUNTY  
NONPROFIT AGENCY**

Chg. to JFC	
GPR	- \$500,000

Delete \$250,000 annually and the provisions for a grant for a school-to-work program for children-at-risk to be awarded to a nonprofit agency in Milwaukee County. Under the bill, this grant would be awarded upon the approval of the State Superintendent, after reviewing recommendations from the Governor's Council on Workforce Excellence in the Department of Workforce Development.

**22. RESTORE SCHOOL-TO-WORK POSITIONS AND FUNDING TO DPI**

Restore \$98,900 GPR and \$169,500 PR in 1997-98 and \$131,900 GPR and \$226,000 PR in 1998-99 and 1.7 GPR positions and 2.9 PR positions beginning in 1997-98 to DPI; delete the corresponding positions from the Department of Workforce Development (DWD). These positions are primarily related to school-to-work activities and would be transferred to DWD under the JFC version of the budget.

**23. ELKS AND EASTER SEALS CENTER FOR RESPITE AND  
RECREATION**

Chg. to JFC	
GPR	\$100,000

Provide \$50,000 annually for the Elks and Easter Seals Center for Respite and Recreation which provides a year-round program for children and adults with physical, cognitive and multiple disabilities and their families.

**24. WISCONSIN GEOGRAPHY ALLIANCE**

Chg. to JFC	
GPR	\$50,000

Provide \$25,000 annually for the Wisconsin Geography Alliance. Delete the statutory references that would not allow for funding of this purpose after June 30, 1996.

\* **25. EQUALIZATION AIDS FUNDING**

Specify that school districts with more than 4,000 members that have an equalized value per member of less than \$600,000 would receive additional equalization aids, if necessary, to bring their per member aid amount to \$1,000. This provision would first apply in 1998-99, and would use prior year value and membership data.

**TECHNOLOGY FOR EDUCATIONAL ACHIEVEMENT  
IN WISCONSIN BOARD**

\* **1. TECHNOLOGY GRANTS FOR PUBLIC LIBRARIES**

	Chg. to JFC
GPR	\$933,300
	<u>\$900,000</u>

Provide ~~\$700,000~~ \$450,000 in 1997-98 and ~~\$2,100,000~~ \$450,000 in 1998-99 for grants to public library boards. Specify that the TEACH Board would award these grants through a competitive, request-for-proposals process. ~~Decrease the amount of funding available for general fund block grants to school districts by \$700,000 in 1997-98 and \$2,100,000 in 1998-99. Because of the reduction in block grants for school districts, funding for equalization aids would need to be increased by \$233,300 in 1997-98 and \$700,000 in 1998-99 in order to maintain two thirds funding of partial school revenues.~~

**2. TELECOMMUNICATIONS ACCESS FOR WISCONSIN TECHNICAL COLLEGE DISTRICTS**

	Chg. to JFC
SEG	\$420,000

Provide \$180,000 in 1997-98 and \$240,000 in 1998-99 from the universal service fund in a biennial appropriation to fund subsidized telecommunications access for the 16 Wisconsin Technical College districts. Provide that districts may request access to a T-1 or DS-3 line from the TEACH Board and pay no more than \$250 per month for such access. Provide that the funding provided through the universal service fund would pay the remaining monthly charge. Delete the language that would prohibit technical college participation in the telecommunications access program unless the TEACH Board determined there would be sufficient funding remaining in the appropriation, after funding access for K-12 school districts, to also fund access for WTCS districts.

**3. TELECOMMUNICATIONS ACCESS FOR TRIBALLY CONTROLLED COLLEGES**

Provide that tribally controlled colleges in this state could request access to a T-1 or DS-3 line from the TEACH Board. Provide that the college would be required to pay \$250 per month for such access and the state would pay the remaining cost of the line. No additional funding is provided for this purpose.

**4. TELECOMMUNICATIONS ACCESS LINES**

Provide that ~~school districts~~ institutions that participate in the TEACH telecommunications access program may request access to either a data line (~~T-1 line~~) or video link (~~DS-3~~) and pay no more than \$250 per month for a ~~DS-3 line~~ and each data line or video link, except that institutions must pay no more than \$100 per month for a data line or video link that relies on a transport medium that operates at a speed of 1,544 1.544 megabits per second (a T-1 line).

**\* 5. TEACH UNDER EDUCATIONAL COMMUNICATIONS BOARD**

	<u>Chg. to JFC</u>
GPR	<u>-\$231,900</u>

Delete the proposed TEACH Board and, instead, provide that the proposed TEACH Board duties and programs be established under the Educational Communications Board. Delete \$112,700 in 1997-98 and \$119,200 in 1998-99 and 1.0 position beginning in 1997-98 attributable to the Executive Director position in the proposed TEACH Board.

**UNIVERSITY OF WISCONSIN SYSTEM**

**1. DELETE AUTHORIZATION FOR ADDITIONAL SPENDING FROM TUITION AND FEES APPROPRIATION**

	<u>Chg. to JFC</u>
GPR	<u>\$27,978,600</u>
PR	<u>12,452,900</u>
Total	<u>\$40,431,500</u>

Delete the Joint Finance Committee provision which would permit the Board of Regents to expend up to 104% of the amount appropriated for tuition and fee revenues in 1997-98 and up to 108% of the appropriation amount in 1998-99, and require that 20% of any such additional expenditures be distributed as financial aid to UW students. In addition, delete the provision which would provide that if the Board authorizes an increase in the salary of an unclassified staff member to correct a salary inequity or to recognize competitive factors,